

[By Wendy Kaufman](#)

Credit card companies Visa and MasterCard along with major banks have agreed to pay several billion dollars to settle a lawsuit brought by retailers. The deal is one of the largest anti-trust settlements in history. The retailers claimed that Visa, MasterCard and the banks conspired to fix the fees that stores pay to accept credit and debit cards. NPR's Wendy Kaufman reports.

SCOTT SIMON, HOST:

Visa, MasterCard, some of the nation's other largest banks have agreed to a multibillion dollar settlement of a class action suit involving credit card transaction fees. Now, those are what merchants pay when you use plastic instead of cash. Retailers allege that the two largest payment networks conspired with the banks to keep so-called swipe fees high. NPR's Wendy Kaufman reports.

WENDY KAUFMAN, BYLINE: Lawyers representing the 7 million retailers in this case call the deal historic - one of the largest settlements ever of a private anti-trust case. Visa and MasterCard, along with the likes of JP Morgan Chase, Bank of America and Citibank will pay a total of about \$6 billion in cash intended as payment to the merchants for past damages.

But Martin Lueck, one of the lawyers representing the retailers says the settlement is about more than money.

MARTIN LUECK: The competitive world is going to shift in favor of merchants and consumers.

KAUFMAN: He points to rule changes that would give merchants more options. For example, in most states, they'd be able to charge you less if you used cash rather than a credit card. Another change would allow merchants to band together to negotiate with the banks in Visa and Mastercard for lower fees. He says that would inject something that's been lacking -

competition.

LUECK: In the past, the banks and Visa and Mastercard were able to use their rules to keep all of the competitive power to themselves and set the price without anyone else having anything to say about it.

KAUFMAN: And the price is high. Visa average about 2 percent of every purchase. It's a big money maker for card companies. Commenting on the deal late yesterday, Visa said the settlement was in the interest of all parties. The American Bankers Association said retailers, not consumers, stood to gain the most. But many retailers weren't all that pleased.

The giant National Retail Federation said while the deal was heavy on cash, it wasn't clear it would really change the way banks and the credit card companies treat merchants. Tom Robinson, chairman of the National Association of Convenience Stores, was even more direct.

TOM ROBINSON: It was disappointing.

KAUFMAN: He said what his group was really after is a change in behavior.

ROBINSON: I don't think it does it at all. Basically, they pay something for their behavior, but this does not preclude them from effectively raising swipe fees.

KAUFMAN: A federal judge still needs to approve the settlement and the debate over swipe fees continues on Capitol Hill. Peter Welch, a Vermont Democrat, is leading an effort in the house to curb those charges. What did he think of the settlement announced yesterday?

REPRESENTATIVE PETER WELCH: It's a very good first step.

KAUFMAN: But Welch quickly added that what's needed most is transparency and competition. Wendy Kaufman, NPR News.

(SOUNDBITE OF MUSIC)

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